

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

FEB 25 2004

W-01557A
Lake Verde Water Company
P. O. Box 2777
Camp Verde, AZ 86322

ANNUAL REPORT

FOR YEAR ENDING

12	31	2002
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FOR COMMISSION USE

Ann04	02
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COMPANY INFORMATION

Company Name (Business Name) <u>Lake Verde Water Company, Inc.</u>		
Mailing Address <u>P.O. Box 2777</u>		
<u>Camp Verde</u> (City)	<u>AZ</u> (State)	<u>86322</u> (Zip)
<u>928-567-9141</u>	<u>928-567-4387</u>	<u>928-821-1095</u>
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address <u>vancherrycreek@earthlink.net</u>		
Local Office Mailing Address <u>P.O. Box 2777</u>		
<u>Camp Verde</u> (City)	<u>AZ</u> (State)	<u>86322</u> (Zip)
<u>928-567-9141</u>	<u>928-567-4387</u>	<u>928-821-1095</u>
Local Office Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address <u>vancherrycreek@earthlink.net</u>		

MANAGEMENT INFORMATION

Management Contact: <u>Van McDonald</u>		<u>President</u>	
<u>143 Walker</u> (Street)	<u>Camp Verde</u> (City)	<u>AZ</u> (State)	<u>86322</u> (Zip)
<u>928-567-9141</u>	<u>928-567-4387</u>	<u>928-821-1095</u>	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address <u>vancherrycreek@earthlink.net</u>			
On Site Manager: <u>Van McDonald (Camp Verde)</u>			
<u>P.O. Box 2777</u> (Street)	<u>Camp Verde</u> (City)	<u>AZ</u> (State)	<u>86322</u> (Zip)
<u>928-567-9141</u>	<u>928-567-4387</u>	<u>928-821-1095</u>	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address <u>vancherrycreek@earthlink.net</u>			

Statutory Agent: Van McDonald

143 Walker

(Name)

Camp Verde

AZ

86322

(Street)

928-567-9141

(City)

928-567-4387

(State)

(Zip)

928-821-1095

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Attorney: Fennemore Craig (Jay Shapiro ESQ)

3003 N. Central Ave., Suite 2600

(Name)

Phoenix

AZ

85012

(Street)

602-916-5000

(City)

602-916-5999

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☐ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☒ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe) _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE

☐ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☐ GREENLEE

☐ LA PAZ

☐ MARICOPA

☐ MOHAVE

☐ NAVAJO

☐ PIMA

☐ PINAL

☐ SANTA CRUZ

☒ YAVAPAI

☐ YUMA

☐ STATEWIDE

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	7,590	4,554	3,036
302	Franchises			
303	Land and Land Rights	10,000	0	10,000
304	Structures and Improvements			
307	Wells and Springs	5,016	753	4,263
311	Pumping Equipment	13,298	1,995	11,303
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes			
331	Transmission and Distribution Mains	19,032	2,853	16,179
333	Services			
334	Meters and Meter Installations	955	144	811
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	380	162	218
341	Transportation Equipment	1,925	1,155	770
343	Tools, Shop and Garage Equipment	1,894	813	1,081
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	60,090	12,429	47,661

This amount goes on the Balance Sheet Acct. No. 108

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	7,590	.2000	1,518
302	Franchises			
303	Land and Land Rights	10,000	.0000	0
304	Structures and Improvements			
307	Wells and Springs	5,016	.0500	251
311	Pumping Equipment	13,298	.0500	665
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes			
331	Transmission and Distribution Mains	19,032	.0500	951
333	Services			
334	Meters and Meter Installations	955	.0500	48
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	380	.1429	54
341	Transportation Equipment	1,925	.2000	385
343	Tools, Shop and Garage Equipment	1,894	.1429	271
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	60,090		4,143

This amount goes on Comparative Statement of Income and Expense _____
Acct. No. 403.

COMPANY NAME

Lake Verde Water Company, Inc.

BALANCE SHEET

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 522	\$ 310
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets	52,500	47,500
	TOTAL CURRENT AND ACCRUED ASSETS	53,022	47,810
		\$	\$
	FIXED ASSETS		
101	Utility Plant in Service	\$ 60,090	\$ 60,090
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	8,286	12,429
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 51,804	\$ 47,661
	TOTAL ASSETS	\$104,826	\$ 95,471

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

COMPANY NAME

Lake Verde Water Company, Inc.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies	4,140	5,306
235	Customer Deposits		
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 4,140	\$ 5,306
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$	\$
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$	\$
	TOTAL LIABILITIES	\$ 4,140	\$ 5,306
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 90,000	\$ 90,000
211	Paid in Capital in Excess of Par Value	19,200	19,200
215	Retained Earnings	(4)	(6,268)
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 109,196	\$ 102,932
	TOTAL LIABILITIES AND CAPITAL	\$ 113,336	\$ 108,238

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 11,719	\$ 17,009
460	Unmetered Water Revenue		
474	Other Water Revenues		
	TOTAL REVENUES	\$ 11,719	\$ 17,009
	OPERATING EXPENSES		
601	Salaries and Wages	\$	\$
610	Purchased Water		
615	Purchased Power	1,267	1,288
618	Chemicals	1,880	1,785
620	Repairs and Maintenance	1,093	673
621	Office Supplies and Expense	1,605	2,841
630	Outside Services	1,751	130
635	Water Testing	480	550
641	Rents		
650	Transportation Expenses	8,575	8,172
657	Insurance – General Liability	470	1,622
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense		
403	Depreciation Expense	4,143	2,625
408	Taxes Other Than Income	746	2,605
408.11	Property Taxes	817	924
409	Income Tax	50	0
	TOTAL OPERATING EXPENSES	\$ 22,877	\$ 23,215
	OPERATING INCOME/(LOSS)	\$	\$
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	TOTAL OTHER INCOME/(EXPENSE)	\$	\$
	NET INCOME/(LOSS)	\$ (11,158)	\$ 6,206

COMPANY NAME Lake Verde Water Company, Inc.
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SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	N/A			
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate				
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End	\$ NONE
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Meter Deposits Refunded During the Test Year	\$ NONE
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COMPANY NAME Lake Verde Water Company, Inc.

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (Gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
643828	2 HP	22		8"	1.5"	

- Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
N/A		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
N/A		N/A	

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
6,000	1	2,000	2

COMPANY NAME Lake Verde Water Company, Inc.

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	GALU	680
3	GALU	240
4	GALU	4300
5		
6		
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	63
3/4	
1	
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

NONE

STRUCTURES:

NONE

OTHER:

2 Wells, 2 Hydropneumatic tanks

2 Sets Elect Control Apperatis

COMPANY NAME: Lake Verde Water Company, Inc.

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2002

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY			
FEBRUARY			
MARCH			
APRIL			
MAY			
JUNE			
JULY			
AUGUST			
SEPTEMBER			
OCTOBER			
NOVEMBER			
DECEMBER			
TOTAL		4,037,000	4,269

Is the Water Utility located in an ADWR Active Management Area (AMA)?

() Yes (X) No

Does the Company have An ADWR Gallons Per Capita Per Day (GPCPD) requirement?

() Yes (X) No

If yes, provide the GPCPD amount:_____

What is the level of arsenic for each well on your system. 0.017 mg/l

(If more than one well, please list each separately)

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME Lake Verde Water Company, Inc. YEAR ENDING 12/31/2002

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2002 was: \$ 924.00

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

COMPANY NAME Lake Verde Water Company, Inc.

YEAR ENDING 12/31/2002

INCOME TAXES

For this reporting period, provide the following:

FEB 25 2004

Federal Taxable Income Reported	(6,206)
Estimated or Actual Federal Tax Liability	0

State Taxable Income Reported	(6,206)
Estimated or Actual State Tax Liability	0

Amount of Grossed-Up Contributions/Advances:	N/A
--	-----

Amount of Contributions/Advances	_____
Amount of Gross-Up Tax Collected	_____
Total Grossed-Up Contributions/Advances	_____

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

Vance L. McDonald
SIGNATURE

9 DEC 03
DATE

VANCE L. McDONALD
PRINTED NAME

PRES.
TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

FEB 25 2004

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	Yavapai
NAME (OWNER OR OFFICIAL) TITLE	Vance L. McDonald, Pres
COMPANY NAME	Lake Verde Water Company, Inc.

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA COPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2002

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2002 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)

\$ 17,009

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 1,071
IN SALES TAXES BILLED, OR COLLECTED

****REVENUE REPORTED ON THIS PAGE MUST
INCLUDE SALES TAXES BILLED OR
COLLECTED. IF FOR ANY OTHER REASON,
THE REVENUE REPORTED ABOVE DOES NOT
AGREE WITH TOTAL OPERATING REVENUES
ELSEWHERE REPORTED, ATTACH THOSE
STATEMENTS THAT RECONCILE THE
DIFFERENCE. (EXPLAIN IN DETAIL)**

Vance L. McDonald
SIGNATURE OF OWNER OR OFFICIAL
928-567-9141
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

9th

DAY OF

COUNTY NAME	Yavapai	
MONTH	Dec	2003

(SEAL)

MY COMMISSION EXPIRES March 28, 2004

Valerie S. Gulland
SIGNATURE OF NOTARY PUBLIC

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

FEB 25 2004

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED
OF THE

(COUNTY NAME) Maricopa	
NAME (OWNER OR OFFICIAL) Vance L. McDonald	TITLE President
COMPANY NAME Lake Verde Water Company, Inc.	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION
FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2002

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2002 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES \$ 17,009
--

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 1,071
IN SALES TAXES BILLED, OR COLLECTED

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

Vance L. McDonald
SIGNATURE OF OWNER OR OFFICIAL

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

9th

DAY OF

NOTARY PUBLIC NAME Valerie D. Bullard	
COUNTY NAME Maricopa	
MONTH Dec	YEAR 2003

(SEAL)

MY COMMISSION EXPIRES March 28, 2004

Valerie D. Bullard
SIGNATURE OF NOTARY PUBLIC